

March 28, 2006

Mr. Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
Attention: Comments/Legal ESS, Room 3060  
550 17<sup>th</sup> St. NW  
Washington, D.C. 20429

Re: Wal-Mart Bank Federal Deposit  
Insurance Application

Dear Mr. Feldman:

Navy Federal Credit Union provides the following observations in response to the request for comments on the application for federal deposit insurance filed on behalf of the proposed Wal-Mart Bank. We believe merging of banking with commerce by permitting businesses to conduct banking activities through industrial loan companies skirts the intent of Congress by means of an apparent loophole in the law and raises significant public policy concerns.

Historically, Congress maintained various stances on the separation of banking and commerce via legislation such as the Glass Steagall Act of 1933, The Bank Holding Company Act of 1956, and the Gramm Leach Bliley Financial Services Modernization Act of 1999. Public policies governing the mixing of banking and commerce evolved in a deliberative and carefully considered manner. The current public policy debate involving fairness of competition should be thoroughly examined. Any potential benefits of increased competition, the risks associated with concentrations of power, and essential regulatory constraints should be fully assessed and documented. We believe careful deliberation and consideration – not legal loopholes – should be the basis for continued policy evolution.

While Congress maintained a measured approach to separation of banking and commerce, our nation's economy grew to become the largest and most robust in the world. Selectively regulated free-enterprise and competition were at center stage. Giants in manufacturing, retailing, and banking enjoyed economies of scale, mass marketing, and the sheer power of large-volume marketplace negotiations. The economy benefited from improved efficiencies and increased competition. In view of today's healthy economy, we know of no need or justification to abruptly change policies on mixing banking and commerce.

We believe that public policies expediting merging of banking and commerce would likely bring additional concentrations of power that over time could prove very risky and

Mr. Robert E. Feldman  
Page 2  
March 28, 2006

possibly even devastating to significant sectors of the economy. The recent demise and collapse of a few large players in the economy vividly illustrate that the abusive and/or ill-conceived decisions of a few can prove incredibly harmful to many. Excessive concentrations of power may lead to unacceptable risks and must not be permitted.

We are particularly concerned that unfettered growth of affiliated conglomerates, spurred by combined banking and commerce, would bring enormous concentrations of power and unintended results such as highly controlled credit plans, destabilized payments systems, monopolistic marketplace practices, and strained deposit insurance resources. Consequently, we urge Congress and the regulatory agencies to close the legal loophole that permits combining banking and commerce and pursue thoroughly examined and properly balanced approaches to the mingling of banking and commerce.

Navy Federal appreciates the opportunity to provide comments to the Federal Deposit Insurance Corporation.

Sincerely,



Cutler Dawson  
President/CEO

CD/dw